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SUMMARY

Agenda Item: H

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PLANNING IN NATIONAL ECONOMY OF THE USSR

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Council of the USSR

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PLANNING IN NATIONAL ECONOMY OF THE USSR

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SUMMARY

1. In the 45 years of its existence the Soviet Union has acquired great experience in economic planning which is of interest to all countries that may decide now or later to put their economies on a planned basis.

Fundamental prerequisites for national economic planning are public ownership of the means and instruments of production, the state monopoly of foreign trade and a democratic state system which has the support of the people and pursues a policy aimed at continuous improvement of the living standards of working people.

2. Immediately after the October Socialist Revolution of 1917 the country began to develop a system of planning. This development was stimulated by the growth of the factors mentioned above.

The Supreme Council of National Economy, the first planning agency of the Soviet State controlled in 1918 50 per cent of the national industrial output.

Nationalized large enterprises, the State Bank which after December 1917 monopolized all banking credit and currency control in the country, nationalized foreign trade, nationalized transport (railroads and merchant marine) were important prerequisites for introducing the beginnings of planning at that early stage.

3. In the first years of the Soviet State Economic planning was carried out at a time when private capital was still strong in a number of fields and when small scale peasant farming was predominant in the country's agriculture.

With the victory of Socialism which was won after the collectivization of small peasant farms and complete abolition of private ownership in industry economic planning in the USSR advanced to a higher stage.

The basic task of the planning agencies is to draw up an optimal economic plan that is to provide for such interconnection and correlation of its elements as would ensure optimum combination of high growth rates of production, accumulation and consumption. If this optimum combination is to be attained the country must make full use of all its resources: the industrial force, natural resour-

ces, the labour force and all available funds.

A draft plan is drawn up simultaneously for all basic objectives and indices. Targets for major industries and fields are singled out. At the same time targets are outlined for so-called principal aspects of the plan as each target or index has to be substantiated and coordinated with others. To this end our planning agencies use the method of balance sheet planning which is employed together with the method of integral technological and economic assessment at all levels that is at the factory, at the Union Republic level and at the national level.

Production plans are co-ordinated and correlated by means of balance sheets for specific commodities or commodity categories: balance sheets for production capacity, for commodity reserves, labour and also national financial balance sheets (financial plan, money income and expenditure balance sheet for the population) and finally an integrated national income/economic development balance sheet.

5. In the post-war period the Soviet State has taken a number of far-reaching measures to improve the entire system of management and planning at the national as well as well as at the local level. The tremendous scale of production in all fields of economy, significant growth of the number of highly qualified managerial personnel in regions, territories and national republics and also the need to make better use of untapped local reserves and resources have made re-organization of industrial management and planning an urgent task.

6. The experience of economic planning in the USSR emphasizes the importance of the closest possible co-ordination of short term current planning (annual and quaterly plans) with long-term planning (five-year plans, seven-year plans or plans covering longer periods). Failure to bring annual and quaterly plans in line with long-term planning may give rise to discrepancies and/or disproportions in some branches of national economy. At the present time the Soviet Government regards the improvement of long-range planning as a matter of vital importance.

7. An important feature of the present stage of the Soviet Union's economic development is the need for continuity in planning. National economy and its fields must always have long-range development plans. National economy and its fields can effectively develop only on condition that at any time industrial leaders can see many years ahead. This condition can be met if work on the next annual plan also includes assessment of the basic targets of economic development for the year that will come in a five years' time. For example, when in 1961 our planners drew the plan for 1962 they also outlined the basic targets of the plan for 1966. While working in 1962 on the plan for 1963 the planning agencies are also responsible for outlining the basic targets of the 1967 plan. This system of planning makes it possible to draw annual plans against the background of the next five years and also take into account preliminary estimates for the final year of the five-year period when starting work on its plan.

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